

2015.09.22

4.10 DEPUTY M.R. HIGGINS OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE DISTRIBUTIONAL EFFECT OF THE MEASURES PROPOSED IN THE MEDIUM TERM FINANCIAL PLAN:

Given that the Fiscal Policy Panel's annual report stated that the changes proposed in the draft M.T.F.P. may not be sustainable and that there was a risk that they may not be seen to be fair, will the Minister set out the distributional effect of the measures proposed and advise what steps will be taken to ensure that the burden is shared by all parties rather than by just a few?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

I think the Chief Minister broadly answered this question, but just to confirm, an analysis of distributional impact is being undertaken and will be shared with States Members when the package of detailed measures for the Medium-Term Financial Plan addition is published in June 2016.

4.10.1 Deputy M.R. Higgins:

I must say, again like others, I feel that it is appalling that the report will come 6 months from now rather than before the M.T.F.P. debate in October. However, does the Minister for Treasury and Resources accept the concerns of the Fiscal Policy Panel that the changes proposed in the draft M.T.F.P. may not be sustainable?

Senator A.J.H. Maclean:

I welcomed the Fiscal Policy Panel's report overall, which seemed to be very supportive of what was being proposed in the Medium-Term Financial Plan. They did raise some areas that needed some focus. This was one of them, which was in relation to distributional impact. It is appropriate when the detailed plans for the addition are presented because it is quite appropriate that we have a proper distributional analysis and the Fiscal Policy Panel raised that as one of their recommendations. I am delighted that we are adopting what they suggest.

4.10.2 Deputy M.R. Higgins:

A supplementary: the Minister did not really refer to their other concerns. He mentioned the distributional survey. Yes, they were concerned about fairness, but they expressed other concerns. The document is hedged in very interesting sort of terminology which does not give a full endorsement of the Minister's policy. Does he accept their other concerns?

Senator A.J.H. Maclean:

To be realistic, there is never going to be a 100 per cent endorsement of matters relating to economic performance and so on. There are so many uncertainties in the world that matters can and will change. That is the absolute certainty Members can be sure of. We have talked much about forecasts in the past. Forecasts are updated on a regular basis because they are exactly that, forecasts. Inputs change and, therefore, the forecast has to be revised. The Fiscal Policy Panel overall were very positive of the plans laid out for the Medium-Term Financial Plan. They did, however, raise some points about distributional analysis, which is absolutely correct, for the detail which will come in due course. I very much welcome the conclusions they made and we have taken note of the concerns that they have raised in that regard.

The Deputy Bailiff:

Deputy Higgins, I will allow you a final supplementary.

4.10.3 Deputy M.R. Higgins:

Does the Minister also accept their concerns about timing issues and the ability of the Council of Ministers to achieve the savings that they have said they are going to achieve from the public sector? So, timing and savings; does he accept their concerns in that area?

Senator A.J.H. Maclean:

Yes, I do and it is a well-made point. The programme that we have laid out that the Council of Ministers has put forward with the Medium-Term Financial Plan is without doubt challenging. There is no doubt about that whatsoever and we are going to have to work hard together in order to deliver on this. The point is that the plan arrives at a balanced budget position by 2019. It also puts us in a position for sustainable public finances into the future. Is it going to be easy? It is certainly not going to be easy but do we have a choice? I do not believe we have.